

SAN FRANCISCO REDEVELOPMENT AGENCY

***YERBA BUENA CENTER
PHASE 1 REPORT***

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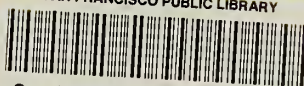
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Report to San Francisco Redevelopment Agency.

Subject: Yerba Buena Centre Exclusive Negotiations: Phase 1 Report.

Introduction:

This report marks the completion of Phase 1 of the process of negotiation* which will culminate in the development of a Plan and the execution of a land disposition agreement respecting the 3 central blocks of Yerba Buena centre this Fall. The purpose of this first phase has been to elaborate and/or refine certain aspects of the development program set out in the R.F.Q. document (entitled, "Request for Qualifications Mixed Use Development") and to establish directions respecting aspects of the development program other than the physical form of the project.

The purpose of the report is to inform your Commission and the public of the work done to date and the conclusions reached respecting those matters, and to seek the Commission's endorsement of those conclusions as a basis for proceeding with the Second Phase of the process of negotiation which will produce a physical, operational and financial plan for Y.B.C. by mid-year.

Scope of Report

As mentioned above the first phase of the process has dealt with two kinds of matters:

*A three phase process was agreed upon at the commencement of negotiations last January. See Appendix 1 for details.

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1. Elaboration/Refinement of R.F.Q.

Although the R.F.Q. was clear in the general directions it set out for the development of the site, there were two areas in respect to which further elaboration and refinement were required before the planning of the development could commence

a) A range of uses and activities in the categories of Cultural, Recreational, Entertainment and Amusement (hereinafter referred to as C.A.R.E. uses) had to be developed which would fit with the general goals for the Gardens as set out in the R.F.Q. This was important in order to know what specific kinds of facilities should be planned for and in what proportion.

b) Specific criteria for the compatibility of housing with the other uses on Block 2 had to be established in order to know which concerns had to be dealt with in designing that housing.

These items are discussed in Part 1 of this report.

2. Direction for Financial, Operational and Legal Planning

The R.F.Q. correctly stresses the need for careful consideration of the Financial and Operational aspects of the development as well as the physical one. It requires an operating program to be developed in conjunction with the Physical Plan.

The elements of this program are:

- operating program for cultural uses
- access to and security on the site
- retail merchandising program
- affirmative action program with respect to economic and employment opportunities within the development

Approaches have been defined for dealing with each of the above aspects in the subsequent phases of the negotiation. They are outlined in Part 2A of this report.

The economics of the project--the land price/rent, the intensity of different uses, the amount of public amenities and facilities, the amount of capital and operating funds available to finance those amenities are all matters to be negotiated. The analytic tools to enable those matters to be understood have had to be developed and are described in Part 2B.

Finally, the process of developing the legal documentation has to be commenced early in order to enable the final documents to be produced soon after the substantial matters are agreed upon.

PART 1: ELABORATION/REFINEMENT OF RFQ

Section 1A

The Request for Qualifications clearly states the desire of the Agency to evolve a dynamic and diverse program of activities on the site with broad public appeal.

The Agency and Developer have worked together to determine an approach to the layout of the C.A.R.E. activities within the overall development. From its inception this collaborative effort has produced sharing and mutual understanding.

The SFRA and O & Y agreed upon definitions for Culture, Amusement, Recreation and Entertainment and listed all the conceivable activities under these

headings. We concurred that as a general definition CARE activities arouse interest or involve an audience. We made a distinction between the Cultural, Amusement, Entertainment and Recreation uses on the basis of management and funding. Cultural include all forms of art that are presented for the sake of understanding and appreciation. Amusement, Recreation, and Entertainment activities are those which employ the arts but are economically self-sustaining and capable of independent management. They will become, eventually, part of the project's rental portfolio.

The purpose of our collaborative analysis which is described below was to develop the basic concepts in the RFQ into a range of acceptable uses, to determine initial priorities among them, and the kinds of facilities and management they would eventually need.

The Redevelopment Agency is responsible for development of cultural activities at YBC and coordinating them with O & Y relative to the overall developmental program. It turned to the City's cultural community for advice. Task Forces were formed and met weekly during March and April to develop ideas and suggestions in order to identify the needs of the arts constituency and to assist the Agency in formulating a desirable cultural program for YBC. We have worked with this process and attended many of the meetings to listen, assist and begin to perceive how suggestions might become integrated into the total mix of site users. The cultural uses are only one dimension of the total mix of CARE users.

Criteria for CARE activities at Y.B.C.

Once the list of CARE activities was complete, we worked closely with the Agency to develop a specific set of criteria for these activities that



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satisfied the key objectives of the RFQ.

The Agency's desire for mixed use is stated in the RFQ:

THE AGENCY DESIRES THAT THE DEVELOPER ACHIEVE AN IMAGINATIVELY CONCEIVED MIX OF COMMERCIAL, ENTERTAINMENT, RECREATION, RESIDENTIAL AND CULTURAL USES THAT WILL BE A MAJOR ATTRACTION IN SAN FRANCISCO FOR RESIDENTS AND VISITORS ALIKE.

We have elaborated this general goal as follows:

- (i) Develop a rich, diverse and broad mix of cultural, educational, recreational and amusement uses; emphasize many small scale activities that together will generate the desired vitality on the site 18 hours a day, seven days a week, 12 months a year.
- (ii) Within the mix of uses, ensure a cross-fertilization of cultural, recreational and educational activities so that new programs develop which take full advantage of the mix of activities on the site.
- (iii) Ensure that the C.A.R.E. uses are integrated with the other uses on the site.

The center must be a place where people feel free to drop in, feel relaxed and easy and comfortable as they walk about. Yet it is extremely important that people eventually feel they are going to Yerba Buena Center as a destination, and not necessarily to attend any specific event. In this way the Center will become a significant public attraction.

There is considerable community interest in YBC. Some desire space to be set aside for programs of a more permanent nature; for example, resident performing arts companies. Was a small number of such CARE activities the best way to achieve an imaginative and diversified program? Given the size and scale of YBC, we felt the way to create a place where people would want to be was to:

(iv) Establish a framework of activities which change in time; ensure that YBC remains current and flexible. Encourage what is new, avant garde and experimental. Only within such a context should permanent or resident activities be considered.

(v) Emphasize cultural and arts uses which are alive; to promote the production of art and performances. Emphasize participatory facilities, particularly for children.

The philosophy of the Center should be to offer diverse, ever-changing programs and activities. A meaningful turnover in activities is desirable in order to continuously draw the San Francisco population to the Center. This dynamic breadth of programs should be "anchored" by specialized facilities, or resident arts and cultural groups, but it is critical that the "anchors" are not the predominant force in the life of the Center. Rather, the emphasis must be on the diverse programming of the operation, which in fact would be the unique Yerba Buena Center draw.

With respect to the overall tone of the project the RFQ states:

THE AGENCY DESIRES THAT THE SITE BE DEVELOPED IN A MANNER THAT WILL REFLECT THE STYLE OF THE CITY AND WHICH STRONGLY RELATES TO THE IMMEDIATE ENVIRONS OF THE SITE. THE SELECTED DEVELOPER IS EXPECTED TO WORK WITH THE AGENCY TO ACHIEVE THIS GOAL.

We asked: what are the most successful ways to involve the indigenous groups in the immediate community and how can YBC best reflect the uniqueness of San Francisco? Our objectives state:

(vii) Ensure that various cultural and community groups can contribute to programming so they identify with YBC. Include a strong component of programming which is non-spectator.

(viii) Ensure a balance between free and paid activities. Encourage low-cost activities in order to maintain broad appeal.

(ix) Attract a wide range of users paying particular attention to the various groups within the City of San Francisco. Result: a City-oriented image.

The Bay Area and Tourist Market will follow.

(x) Include facilities and programs suited to families with children, particularly those with children under 12 years.

(xi) Fulfill identified needs within the City. Avoid competing with established programs and activities.

(xii) Encourage original program and activity approaches. Avoid copies of established models; rather develop approaches appropriate to San Francisco.

The development should feature a comprehensive arts and recreation program in which the diverse cultural life of San Francisco comes together in a permanent year-round festival. Emphasis should be on the performing arts, including film, the visual arts, and exhibitions; recreation and facilities for children which emphasize education and play; and special events which cater to groups such as hobbyists, clubs, professional groups, ethnic cultures, and citizens' organizations.

The RFQ stresses the use of San Francisco's considerable resources:

IT IS DESIRED THAT THE DEVELOPER UTILIZE THE LOCAL RESERVOIR OF AVAILABLE TALENT TO OPERATE THEATERS, UNUSUAL FAIRS, RESTAURANTS AND SHOPS AND TO CONDUCT SPECIAL EXHIBITS AND PERFORMANCES TO THE EXTENT THAT IS FEASIBLE.

The challenge is to elicit and display the best that San Francisco has to offer. How is this to be achieved? The key lies in the insistence on excellence. Our objectives read:

(xiii) Encourage those San Francisco people and groups with a proven track record to undertake new activities within YBC, while assisting new entrepreneurs and organizations to get started.

(xiv) Encourage a high quality in all activities. YBC must develop a reputation for excellence.

THE OBJECTIVE IS TO ACHIEVE AN 'URBAN GARDENS'; TO CREATE SOMETHING UNIQUELY SAN FRANCISCO WITH USES THAT COULD INCLUDE FAIRS, CHILDREN'S THEATERS, MARKETS, SHOPS AND A VARIETY OF OTHER ACTIVITIES; TO HAVE PLACES FOR PEOPLE TO DINE, RELAX AND ENJOY THE CITY IN A CASUAL ATMOSPHERE, IN A GARDEN SETTING. IT IS EXPECTED THAT THE OPEN SPACE ON BLOCK 2 WILL BE DESIGNED WITH EXTENSIVE LANDSCAPING AND ALSO DEVELOPED TO ACCOMMODATE LARGE PUBLIC GATHERINGS. THE CHARACTER OF THE OPEN SPACE SHOULD BE PARK-LIKE AND ESTABLISHED WITH THE USE OF LARGE TREES, PLANTS AND FLOWERS.

In essence, the RFQ says garden uses should predominate on Parcel 2. How do we achieve a proper balance between the CARE activities and the expressed desire for a garden-like environment? Our objectives state:

(xv) Develop a mix in the types of public spaces: a full range of active to quiet areas.

(xvi) Encourage gathering places where people and activities can mix.

(xvii) Ensure that all uses on the site are integrated to a degree; take advantage of the opportunity to mix office/hotel/cultural land uses.

(xviii) The overall project, particularly blocks 2 and 3, should have the image of gardens, with buildings designed to be supportive of that image.

(xix) The gardens themselves should not be conceived as a single large park. Rather, the gardens should comprise a series of interconnected public spaces of varying size, some open to the sky, some enclosed; some active, some tranquil; some green and some urban. There should, however, be one large space which is an exquisite ornamental garden.

(xx) Ensure a feeling of safety, informality and joy. It is critical that people feel free to 'drop in' at YBC in a relaxed enjoyable, informal way. YBC must become a destination, not just a set of specific attractions.

MANAGEMENT CONCEPT

Once we identified the fullest range possible of uses that satisfied the basic concepts outlined in the RFQ, we began to envision the kind of management that would be necessary for successful operation of the cultural program within the framework of the overall mixed-use project. An integrated approach which involves the Agency, O & Y, and the community seems most desirable. We looked at Harbourfront as a possible management model for what the YBC cultural program might require. Harbourfront's staff in association with O & Y has been assisting in this collaborative effort by lending their expertise specifically in the management of cultural programs in mixed-use development.

We also reviewed the Four Task Forces reports of the Arts Community Cultural Planning Process.

ANALYSIS OF C.A.R.E. USES

In addition to writing the criteria, we made an inventory of the innumerable suggestions that had accumulated with respect to CARE activities at YBC. Sources included the RFQ, Harbourfront staff, the SFRA and its consultants, including the workbook compiled by Richard Gryziec, our partners, the Community Task Forces and others. We tried to leave nothing out. Our aim was to evaluate all the proposals in relation to the stated objectives and the criteria

derived from them in order to determine priorities for detailed planning of programs and facilities.

A management concept which incorporates much of this thinking is outlined in Section 2 of this report.

C.A.R.E. ACTIVITIES: PRIORITIES AND FACILITIES

General Conclusions

The following are the principal conclusions we have drawn from the analysis of CARE activities described above.

1. Small scale performances which are free or low-cost are presented informally and well, and appeal to a broad range of people achieve high ratings in the analysis. Examples include small groups of musicians, street performers, storytellers, or outdoor opera. Likewise, activities for all ages that invite the viewer's participation and encourage him/her to risk involvement are highly desirable. People are eager to learn and interact. Passive solo entertainments, even those which are sophisticated, are least successful from this perspective. Participatory activities that require the viewer to become an active participant, that challenge the mind and body to go beyond merely absorbing a presentation, work better. Examples include dance or theater workshops, participatory exhibits and games.

A range of different spaces--open/closed, indoor/outdoor, hard/soft surfaces--would provide the flexibility necessary to accommodate many such activities, current and future. Relatively speaking, a few large-scale spaces are less desirable than numerous small spaces in terms of accommodating these preferred activities. But won't small spaces become too crowded? In our experience

people gravitate towards lively places filled with people. Crowding seems to regulate itself. The key is to provide many choices. Also, the careful design of spaces for informal performances is important to the overall success of such a program.

2. A well-equipped theater of about 800-1000 seats would accommodate many of the desired spectator-oriented cultural activities. However, the scope of some performances would be limited relative to very large houses. Such a theater would most ideally accommodate the smaller dance, theater, and opera companies and music groups, as well as permit the showing of film.

3. The location and timing of activities must be scheduled to the best advantage of the entire mix of uses to take advantage of the site's synergism.

Attractions are more enjoyable when they are not isolated. Ideally, retail, cultural, recreation and entertainment facilities ought to be mixed throughout the development. Distinctions between eating, shopping and being entertained, and learning, are becoming less important. People are responding to new combinations in these areas. Individual activities can be located to enhance one another. For example, deli's and other restaurants could offer picnics for lunchtime outdoor concerts or fashion shows; a cinema complex located close to the roof of the Convention Center could schedule showings during conventioners' free time, or even special showings related to the theme of a convention.

4. Festivals and other special events are desirable because they involve the community in something they know. Highly charged with energy, festivals mean variety; they create a momentum that builds on itself and interacts in a synergistic way with the site's mix of uses. Chinese New Year, Wine Harvest

Festival, Christmas Fair, are examples of festivals which might be located, in part, at YBC.

The space and requirements for the scheduling (setting up/striking) of these events are important. The need for permanent blocking and trucking services must be taken into consideration.

5. There is real concern for a quality image at YBC. Large-scale midways or theme parks rides appear as a low priority. Smaller scale rides which are imaginatively and attractively designed and relate to other activities could, however, be considered.

6. Generally speaking, large permanent exhibitions preempt a major portion of the space otherwise available to cultural uses. Static exhibitions do not have the interest or drawing power to attract a cross-section of San Franciscans on a frequent basis as would changing exhibitions of varying interest. On the other hand, unique collections of international reputation could add a dimension of interest and prestige which would be important in establishing YBC as a place of status and quality. The key is balance. Such facilities, if considered, should not seriously compromise the objectives of diversity and broad appeal.

7. YBC must be safe and accessible to all people. The programming of activities which tend to generate boisterous and volatile attendance and thereby impair this objective should not be sought on a frequent basis. The challenge is to carefully plan and control these events when they do occur.

8. Facilities for specialized purposes, or that consume large areas of land (e.g., a sports arena, large scale static exhibits, such as a planetarium) seem to be least desirable.

CARE ACTIVITIES: PRIORITIES

The following is a list of all the CARE activities considered, ordered in descending priority. The highest priority uses are those which meet the greatest number of criteria, and vice-versa. This listing is used as the basis of the conclusions described above, and is included to serve as a guide with respect to programming and physical facilities. Attached in the form of matrices is a summary of that analysis (see Appendices 2 & 3).

C Activities in Descending Order of Priority

- craft workshops
- literary arts workshops
- computer training, library, science and other games

- dance workshops
- theater workshops
- music workshops
- exploratorium-type museum
- folk dancing
- active exercises

- performances of local dance companies
- theater--magic, children's experimental, puppet
- visual arts - created on site - sculpture, painting, print-making
photography
- street performances - mimes, musicians, jugglers, street theater
- gardens for children (playgrounds)
- model boat and antique doll clubs

- dance touring program, ethnic (folk)
- craft - glass blowing
- museums - planetarium, scientific, research
- crafts exhibits
- ethnic fairs/festivals
- specialty gardens
- active - tai chi, swimming
- lawn bowling - bocce
- tennis
- petting zoo
- legitimate theater

- music - classical orchestra
- crafts - furniture, textiles, pottery
- museums - ethnic exhibitions (temporary)
- firehouse
- visual arts exhibits
- arboretum gardens
- sculpture gardens
- jogging

- opera
- theme fair
- fair/festivals - dog shows, flower shows
- ballroom dancing
- passive gardens - outdoor chess, checkers, etc.
- gardens - botanical, flower
- PAR Course (active)
- model railroading club - hobby
- pantomime theater
- outdoor theater

- jazz
- fairs/festivals - traveling fair
- Showcase California
- passive - sitting, walking, relaxing
- active - roller skating, skateboards
- aviary

- art small-scale rotating temporary exhibitions
- water games
- carousel
- fairs/festivals - wine festival
- dancing discos, popular dancing
- basketball
- aquarium
- cinema - special effects
- festival - cinema
- cartoon cinema
- musical - classical, opera, jazz

- rides - audio-visual thrill rides
- fairs/festivals - Easter Parade, July 4th
- passive - Mah jong and Bingo
- paddle boat
- Cabaret theater
- light and soundshows - events

- electronic games arcade
- fireworks events

- games (non-electronic games arcade)
- standard cinema
- vaudeville shows
- dark rides
- night club acts - shows
- fun house rides

- kids' rides
- wax museums
- pop, rock musicals
- sports arena

- water rides
- thrill rides
- ferris wheel

- adult cinema
- strippers

C.A.R.E. ACTIVITIES - FACILITIES

The following are the types of facilities which, it appears from our analysis, would be well utilized by the program of activities discussed in the conclusions. Note that this list does not deal with the amount of each facility, it only deals with the type. The amount to be provided will be determined as part of the next phase of the negotiation process.

Clearly, some facility types are more elaborate than others. Generally, the larger and more specialized facilities will tend to be more costly, while the smaller, more flexible types allow for a greater variety of programs and uses.

SPECIFIC SPACE TYPE

A. Small theater: Between 800-1000 seats; flexible stage layout, 40' clear height; 30' proscenium opening; box office, rehearsal space, prop department, workshop, green room, dressing rooms, storage. Probable GFA: 45,000. To accommodate: small dance company (local, repertory, touring), theater company (repertory, touring); opera (local, touring); music (chamber orchestra,

chamber ensemble, small groups and individual musicians), film showings.

B. Informal outdoor amphitheater: 2,000 capacity; informal stepped landscape seating, band-shell stage; free access; audio system; gross area probably 18,000 square feet. To accommodate all' above indoor activities and larger dance, theater companies, opera and symphony plus special events, celebrations, etc.

C. Large weather protected performance area. 12,000 capacity (not necessarily informal seating). Storage, audio-visual systems, lighting systems, sound system, staging controllable access. All performing arts, circus, etc.

NON-SPECIFIC SPACE TYPE

A. Flexible, well-equipped space. Clear height 11', variable depth 20-60', access to walkway, single-sided frontage. Workshops, lecture demonstrations, informal performances.

B. Multi-purpose exhibition space - clear span 40'. Clear height: 16-18'. To accommodate temporary visual arts exhibitions of varying sizes.

C. Outdoor hard surface space. Street performers, lunchtime theater, music, dance performances.

D. Outdoor soft surface space, street performers. Storytellers, musical groups, exercise programs, etc.

THE NEXT STEPS

Cultural Uses

The San Francisco Redevelopment Agency has the responsibility for planning

and developing the cultural facilities. We have agreed upon an integrated approach and will continue to work closely with the staff to achieve the best possible overall development.

There are three major 'next steps' with respect to the planning of the cultural facilities:

1. The suggestions of the Arts Groups must be awaited and evaluated; and
2. The amount of space and facilities to be provided has to be determined through negotiation; and
3. The agreed facilities must be integrated into the physical planning of the overall mixed-use development.

This work should be completed by the end of June, 1981. A plan and program for operating those facilities will be developed at the same time along the lines of the principles set out in Section 2.

ENTERTAINMENT, AMUSEMENT AND RECREATIONAL USES

It is anticipated that these uses will be developed and operated on a commercial basis by individual entrepreneurs, most of whom will hopefully be drawn from the San Francisco area. Each will operate under an arrangement which will be structured to assure that general program objectives are met. The location of these uses will be carefully integrated with the retail and other uses during the next and subsequent phases to ensure that full advantage is made of the potential synergism between uses.

We are confident that creative entrepreneurs will come forward to operate many of the defined A.R.E. uses, and will begin to recruit such individuals

once the basic plan has been set. In addition we believe that a number of unique "anchor features" should be developed at YBC in order to strengthen the center's drawing power and "put it on the map" as a major locus of entertainment and the arts among the city's many attractions. Such development requires careful conceptualizing and study before appropriate operators can be sought, and we are commencing that work at this time.

The following are being studied as potential "anchor features" at YBC.

The selection of the particular themes is based on the directions which emerge as priorities from the activities analysis, and are reflective of some of the unique strengths of San Francisco in terms of its arts and technology.

(a) CINEMA CENTER

A concentration of 20-30 movie theaters of varying size (mostly small) but including one auditorium which qualifies among the finest theaters in the country, and one which is flexible enough to enable highly experimental work to be displayed. Programming would be wide-ranging, encompassing art, special interest, historic, and current material. Maximum choice for the viewer would be the objective.

(b) COMPUTER CENTER

Recognizing the Bay Area's leading role in the development of computers, this would be a facility which showcases that fact and exploits to the fullest the computer's potential to entertain, educate, and inform. It would include a comprehensive information system involving the entire YBC program of events, facilities and activities, a series of entertainments and amusements for all ages designed to entertain and educate, displays which describe the workings and history of the computer, focussing on the silicone chip and its role in

the economy of the Bay Area, and retail sales outlets for selected hardware and software.

(c) AN INTERACTION FUNHOUSE

A series of events which appeal to people of all ages, designed to educate, amuse, entertain, but having as a central theme interaction with other people. This will be a truly unique facility bringing together the technology of the 1980's with the eternal theme of people's need to interact with others.

(d) A CHILDREN'S PLAY FACILITY

Stressing physical play, this facility will be both indoor and outdoor. It will also be a place where children can find out about all the child-oriented programming at YBC and could also include supervised programs for children using the gamut of facilities and programs at YBC as a resource.

SECTION 1B CRITERIA FOR THE INCLUSION OF HOUSING ON BLOCKS 2 AND 3

With respect to the uses to be permitted on Central Blocks 2 & 3 the R.F.Q. document states that residential uses may be developed there..."as desired by the Developer. Must be provided in a manner compatible with the Recreation-Entertainment uses that includes nighttime and weekend activities."

The purpose of this section is to review the issues which appear to exist respecting the compatibility of housing with the C.A.R.E. uses on Central Blocks 2 & 3; and to put forward a set of criteria which we propose to be governed by in designing, developing and operating that housing to ensure compatibility.

There are many arguments which can be made for and against the inclusion of housing with the Gardens uses on blocks 2 and 3. On the "for" side are: the contribution of housing to the 24-hour a day vitality of the area, to its safety and security, to its local economy, and its stability. On the "against" side are concerns about the housing use potentially infringing upon the enjoyment of the amusement and entertainment uses, and about the effect of the additional bulk on the sites overwhelming the Gardens uses. Both sides of the argument no doubt have merit. However, our purpose here is not to make a case one way or the other. The decision to permit housing on blocks 2 & 3 has already been made. We strongly endorse the inclusion of housing on blocks 2 & 3. There seem to be two compelling reasons why this would make for a better development all-round, including a better Gardens concept:

It would make an important contribution to integrating the C.A.R.E. uses with the living fabric of the city so that they become a natural extension of the life of the City, and not an isolated precinct. It would make a significant contribution to the economic value of the project and therefore its capacity to support high levels of public amenities and cultural activities.

A. Part of the City Fabric

A central theme that runs through the successful mixed use areas in major cities - the areas which people seem most to enjoy in cities - is that housing is always close by. This means that the area is perceived as being part of of the local "turf" of the city as well as accommodating other special uses or attractions.

One need only look to North Beach, The Marina, Polk Street, Union Street, Castro Street, to appreciate that fact. The same holds true in other cities:

New York City's Greenwich Village, and East Side; Boston's Newbury Street, or its North End; London's Soho, or its Leicester Square; Montmartre in Paris, or its Latin Quarter; Toronto's Yorkville; or New Orleans' French Quarter.

In all of these and numerous other instances housing and amusement/entertainment and retail uses coexist at close quarters in a mutually supportive way.

If one looks at the same cities and thinks of their less-successful entertainment/amusement concentrations, the common thread running through all of them is the lack of a residential presence in the immediate vicinity: New York's 42nd Street/Times Square area; Boston's Combat Zone; London's Picadilly Circus or the Strand; Paris's Pigalle. The same phenomenon is no less valid in San Francisco. For example, Pier 39 and Fisherman's Wharf are both large areas without a significant visible residential component.

Blocks 2 & 3 are large -- totalling some 20 acres in extent. A meaningful residential component within that area is essential, we believe, to creating the healthy, balanced environment necessary for the objectives of diversity, safety, and quality, to be met.

8. Land Value

Clearly, in order to develop the entire YBC Gardens concept, including a significant component of cultural activity and a public environment of the highest quality, including features and amenities not normally found in private development projects, the overall economics of the project must be sound. In other words, sufficient value has to be created by way of revenue-producing uses to pay for these features. Residential development in blocks 2 & 3 is fundamental to the creation of that value. Without it the overall scope of the project Gardens concept would be well below its potential.

COMPATIBILITY

The issues raised under the general heading of compatibility are important, and we have given them serious attention. Our approach has been to clarify and understand each of the concerns, to analyze whether and by what means these concerns can be met, and to develop specific criteria which will govern the development to ensure compatibility.

What are the specific concerns?*

The most often-asked questions were "Can you produce market rate housing on Block 2 without jeopardizing the creation of the urban garden and the recreational/cultural image and uses required? Would residential development on Block 2 have to be in such close proximity to the public areas so as to constrain the scope of the CARE activities in the same block? Will the design of housing utilized by the developer overpower the garden concept of Blocks 2 and 3? Would the CARE uses, particularly entertainment, cause noise and pollution which would render each use incompatible with the other? Will the developer be able to provide, within the framework of an appropriate plan, the necessary parking facilities for the Yerba Buena Project in general and the housing on Block 2 in particular?

In the attached "CRITERIA FOR HOUSING ON CENTRAL BLOCK TWO" statement, criteria which address these concerns are set forth. Olympia and York is committed to adhering to these criteria in implementing the Yerba Buena Center Project.

The predominance of the garden on Block 2 is perhaps one of the most

*Concerns were delineated after discussions with agency staff & consultants; members of public participating in cultural planning process.

important criteria which we will be concerned with. We believe it can be achieved through appropriate topographic treatment: by siting the units in such a way that the ground plane is extended through the housing and remains public; by terracing and berming of earth to create a screening effect; and by developing public ground level uses below housing, for example one or two levels of retail and/or cultural uses with housing on top.

The Criteria-for-Housing statement clearly indicates that at least ninety percent of the site should be put to CARE, retail and open space uses at grade or the major public levels. Olympia and York will commit to this limitation even though the RFQ criteria would be met with something less than that level of allocation to the non-private uses. Similarly, housing developed above those levels will measure at most 25% of the area of block 2 or block 3, and an average of at most 15% of both "gardens" blocks.

Another objective to incorporate into our development program is that housing should visually complement the garden image, and we intend to achieve this through a variety of features such as garden terraces, garden walls, and garden elements such as greenhouses being incorporated into the units themselves. Buildings of low density can be designed to be compatible with the garden image of the overall project.

As for overcoming any possible incompatibility of noise and residential uses, there are a number of ways that housing can be protected from noise. Examples of architectural devices to achieve this include vertical separation (housing well above noisy uses and activities) together with the use of terrace planting as an additional sound barrier; horizontally separating housing and noisy uses either by means of distance or by the provision of earth berms between housing and noise uses; the utilization of 'heavy' landscaping between the housing and

noise uses, or by siting of additional buildings between the housing and the noisy uses. The attached schematics indicate the successful use of such simple devices to create compatibility between entertainment and retail uses, and housing in mixed use developments (see Appendix 4).

Still another factor to be considered is the visual impact of the parking which will be provided on site, particularly if it is to include parking for residents.

Our studies indicate to date that the parking needs of a development program, which includes residential units on parcels 2 & 3, can be readily achieved on the site. It is very probable that two levels of underground parking are possible above the water table with ingress and egress being provided in a discreet way. We are committed to low density development on parcels 2 and 3 and to making the parking within the site as unobtrusive as possible from the street, or the other public areas of the project. Its design will be consistent with the provision of substantial amounts of open space, including mature trees and landscaping. Mixing below-grade parking facilities with other above-grade uses will be encouraged to reduce the visual impact of parking with exposed above-grade parking structures not being permitted, even on Parcel 1.

SECTION 2

DIRECTIONS FOR OPERATIONAL AND FINANCIAL PLANNING

2A Approach to financing operation and management of cultural uses at Y.B.C.

The following conclusions have emerged out of discussions between ourselves, our consultants, Harbourfront, agency staff and consultants; and a review of the work of the Cultural Planning Group. They establish a basic framework and direction for the further definition of a physical, financial and operating plan for cultural facilities as an integral part of the mixed use development at YBC.

(a) A non-profit corporation should probably be established, the purpose of which would be to manage the cultural program at Yerba Buena Center.

(b) The Corporation could function under an operating agreement, with the developer and the San Francisco Redevelopment Agency. The agreement would require that in return for the core funding the Corporation would produce a prescribed level of activities on the site, at a desired standard of excellence.

(c) It is important that the Corporation be structured so that it is as responsive as possible to changing ideas and needs in the community in the field of arts and culture. It is critical that the management of the Corporation be committed to supporting new activities in the arts emphasizing that which is up and coming. This will often require tough decisions to change specific programs, to move programs out, phase in new ideas and techniques. Management must have the strength and ability to ensure a high standard in all programming produced under the aegis of the Corporation.

(d) A portion of the operating funds for the Corporation could come from revenue generated by the project at large. A regular grant could be provided to the Corporation as an operating cost of the project. This grant would act as the core funding for the Corporation, providing it with certainty and continuity.

(e) The core funding would be allocated to cover the cost of staff, publicity, and some performance fees. Property management costs could also be charged back to the Corporation, or, alternatively, the developer might retain control over property management on a nominal fee basis. However, since there is often an extensive overlap between property and programming, it might be preferable if both functions came under one body.

(f) Ultimately the Corporation will be controlled by a Board of Directors. The Board should probably consist of people with links to the arts world, as well as people with good connections into the private business sector of San Francisco. However, the real creative force of the Center should be in its staff. It is advisable to think of a programming staff which is highly trained and knowledgeable in each of the fields being discussed for programming at Yerba Buena.

(g) Such a Corporation will obviously take time to establish. Meanwhile, it would seem advisable to set up some type of interim steering committee, which could act as the focal point for the concept over the next several months. This is important in several respects: to achieve credibility in the community; to try to achieve some consensus over the concept and specific approaches. The interim committee will need to be adequately staffed; i.e., people should

be made available from the Agency and from the development team to ensure that good progress is made towards the permanent structure.

2B RETAIL MERCHANDISING CONCEPT: PRINCIPLES

This section sets out the basic approach to the development and operation of the retail elements of the project. This approach is described in terms of a set of principles. The basic rationale behind them is then outlined.

Introduction

The retail experience at YBC will be unique. The uniqueness will result from a combination of factors which are peculiar to the development in San Francisco:

- The location of the site, adjacent to the existing retail center of San Francisco, the Moscone Convention Center, two major hotels, a major new cultural and entertainment center, and a newly emerging residential neighborhood is without parallel in the City. Each activity will impart a particular dimension to the retail merchandising.
- The size of the site and the scope of the development program, with the gardens concept as its centerpiece, implies a truly unique architectural environment-scale, space and experience and detail.
- The close integration of retail with cultural, recreational, entertainment and amusement uses will impact a unique activity pattern to the Center throughout the day - with a high degree of interdependence between retail and the CARE uses.
- The unique style and capability of the Rouse Company in merchandising, leasing and management will ensure a level of character, quality and creativity at YBC which in and of itself would be unique in the Bay Area.

PRINCIPLES

1. The retail areas, particularly those on Block 1, should form a natural extension of the Market Street/Union Square retail complex, but the overall range and mix of uses should be distinctive, and should complement rather than

9. YBC should be as a showcase and outlet for San Franciscan arts, crafts and other distinctive merchandise. A market setting where the creators of such artifacts can perhaps sell their work, should be incorporated.

MARKET RATIONALE

The retail analysis which follows provides a background to the principles set out above and some elaboration as to the potential markets to be served at YBC. It is conceptual in nature, it does not attempt to specifically quantify market segments or present a detailed inventory of existing retail facilities.

The analysis is divided into three major sections. The first section discusses the sources of market support in the San Francisco Bay Area and the ways in which they could contribute sales to a retail development at Yerba Buena Center. The second part discusses five separate development themes and defines them in terms of necessary market support. The third portion of the analysis describes a potential retail development concept based on those market segments determined to be most available and those development themes determined to be most supportable. This concept was integrated with the RFQ objectives to produce the Retail Merchandising Principles.

1. SOURCES OF MARKET SUPPORT

Five potential sources of market support must be considered in the analysis of the retail development potential of Yerba Buena Center. These market segments are residents of the urban core, residents of the remainder of the San Francisco Bay area, downtown office workers, convention delegates, and tourists and other visitors.

Residents of San Francisco's urban core provide a dense, sophisticated market that contributes greatly to the success of medium and better quality retailing in the downtown area. This core market, which totals 200,000 to 250,000 persons, typically resides in households of small size -- a conspicuous lack of children. Its market segment is also very supportive of eating and drinking facilities and smaller shopping areas with a community orientation. The large amount of historic renovation and "urban homesteading" that is occurring in the urban core is indicative of a strong home-furnishings market. Retail development at Yerba Buena Center should recognize this market segment's purchasing power.

The San Francisco Bay Area beyond the urban core (nearly 5 million people) is well served with regional shopping center space. However, downtown San Francisco actually offers the greatest concentration of specialty and high-quality retailing, and eating and drinking places. The unique geographic configuration of the Bay Area has promoted the maintenance of a viable retail/eating and drinking urban core that penetrates the suburban residential markets to a much greater extent than that which is found in most major American cities. Nevertheless, the tremendous strength of the retail space which now focusses on Union Square implies a limited ability to draw suburban shoppers to Yerba Buena Center for conventional retail shopping. It is likely, however, that suburban Bay Area residents wish to experience an urban entertainment/eating and drinking environment without feeling that they are tourists in their own city. It is therefore likely that this market segment can be attracted to Yerba Buena Center's retail components through an appropriate entertainment/eating and drinking mix.

Yerba Buena Center is located on the edge of San Francisco's financial district/office core. The project has the potential to relatively easily penetrate an office worker market of at least 175,000 people. This market would be arriving at the site largely on foot at two times of the day -- the lunch and after work hours. Although our development experience has shown that the sales contribution of this market segment, when compared to the project total, is usually somewhat limited (20% of total or less) they are immensely more important in terms of weaving the project into the fabric of the urban environment. Furthermore, we have found that those projects which are most successful in attracting this market segment contain concentrations of eating and drinking and cultural activities.

The convention delegate market segment will have perhaps greater access to the retail development at Yerba Buena Center than any other market segment. This is the obvious result of proximity. The delegates, numbering approximately 1,000,000 annually, will make up to half of their retail expenditures in eating and drinking establishments. Their non-eating retail expenditures tend to be concentrated in the better quality merchandise lines -- purchasing that item which is not available in their hometown or that which they seldom buy. This latter merchandise category requires a particularly unique leasing effort given the strong concentration of speciality retailing already existing in the downtown area.

Downtown San Francisco offers a major tourist market (plus or minus 10,000,000 per year). A successful retail formula for attracting tourists is rather well documented by the success of projects such as Ghirardelli Square and The Cannery. Two thirds or more of those projects' market support is derived from tourists and other visitors. The retail component of Yerba Buena Center will not

not attempt to compete with these projects by duplicating their merchandise mix. The Rouse Company's retail development experience in Baltimore has indicated that substantial tourist drawing power can be derived by developing retail space as a city's principal "people place". The Yerba Buena Center will become one of San Francisco's greatest "people places", the merchandise mix which will best serve the attendant tourist market will consist primarily of eating and drinking facilities and unique merchandise -- that which the tourist cannot find at home. A "tourist atmosphere" does not have to be created in order to attract tourist traffic to a place like YBC.

2. POTENTIAL RETAIL DEVELOPMENT THEMES

Each of the following retail development themes is discussed independently, i.e., as if it were to be developed alone at Yerba Buena Center. This serves only to illustrate the potential strengths and weaknesses of each theme. A development concept integrating parts of each theme is discussed in Part 3 of this section.

A Fashion Center

Downtown San Francisco's collection of fine stores such as Saks Fifth Avenue, I. Magnin, J. Magnin, Gucci, F.A.O. Schwartz, etc. makes it one of the country's most significant fashion centers. Union Square is the focus of this retail concentration. The retail development at Yerba Buena Center will not and could not hope to significantly alter this focus. However, the mix and intensity of activities planned for Yerba Buena Center will create a level of activity on site capable of supporting some fashion retailing. This project component will consist of small, upper level specialty shops.

A Mid-line Retail Center

Macy's, The Emporium, and hundreds of other downtown, mid-line retailers form the Bay Area's largest "regional shopping center". In addition to serving the traditional "regional center" trade area of several hundred thousand people, these retailers derive a portion of their sales from the day time worker population (also occupying the trade area) and the tourist traffic. As was the case in our discussion of fashion retailing (above) Yerba Buena Center will not become the new "regional shopping center" in downtown San Francisco. A portion of its retail space, however, should be able to effectively compete with existing space by virtue of the range of activities offered and the attractive environment which will be created.

A Community Retail Center

Such a center would experience severe competition from those community retail shopping areas which already serve the urban core. Nevertheless, certain community retail elements, such as a "farmer's market" would, in conjunction with the Yerba Buena Center's cultural and entertainment appeal, attract a substantial amount of market support from residents of the urban core. An appropriately developed community center would complement the unique elements of the City's communities such as Chinatown.

A Specialty Center

As previously noted, the San Francisco Bay Area has a relative abundance of specialty retail centers. They are both newly-developed (e.g., Pier 39) and historic (e.g., Sausalito). Although a specialty/theme retail center of 150,000 plus square feet would be inappropriate for Yerba Buena Center, there are certain elements of such a center's merchandise mix that would appropriately serve the retail center's anticipated markets. Specifically, these merchandise

categories include eating and drinking, traditional food markets, and some fashion retailers.

A Convenience-Retail Center

Large concentrations (hundreds of thousands) of downtown office workers can support retail centers somewhat similar to small regional shopping centers. Residential development is also supportive of convenience-retail. Such a convenience center, developed at Yerba Buena Center, could not attract adequate market support given the location of competing facilities and its distance from the major office worker concentration. As part of a larger retail complex, however, there are certain convenience and service retail functions which could adequately be supported and, at the same time, complement the other planned project components. These uses include eating and drinking (primarily fast service), convenient merchandise stores such as an independent druggist, and services such as florists and banks. Despite the nature of some of these uses, they can contribute local color and a sense of community to a large retail project.

3. CONCLUSIONS

Section I of this analysis discussed the market segments. Section II discussed potential retail development themes. We now compare the required sources of market support for each theme to the availability of market segments to the site. Those themes that mesh with the project's goals and rely on market segments that are available form the recommended retail development concept.

(a) A fashion center would be principally supported by Bay Area and urban core residents. We know, however, that the existing downtown retailers generally satisfy this market. Relatively small amounts of fashion space at

Yerba Buena could be supported by the available office worker, convention delegate and tourist markets.

2. A mid-line retail center, although largely deriving its support from urban core residents, would duplicate much of what is already available in downtown San Francisco. Furthermore, it would be minimally supported by those markets which are available to the site. This theme should be de-emphasized in the development concept.

3. A community center, focussing on the shopping needs of the urban community would be largely supported by urban core residents. In addition, its uniqueness would be likely to attract small but significant numbers of Bay Area residents and tourists. Retailing supportive of urban life should therefore be heavily emphasized (i.e., historic preservation, home furnishings, gourmet cooking, fresh foods, and cultural activities).

4. Specialty/theme retail centers would be likely to draw up to 60% of its sale support from out of town visitors. The presence of many tourist attractions in the downtown area makes this market segment available to YBC. They may be served largely with eating and drinking facilities and the uniqueness of the urban "community" and the fashion retail.

A convenience center would draw the great majority of its sales support from the downtown worker market segment. The support of a large amount of space of this type, however, requires tremendous pedestrian traffic volumes during the "to and from work" hours. Yerba Buena Center will not function as this type of transportation corridor. A modest amount of convenience space is therefore recommended to meet the needs of nearby/on-site office workers and residents.

In summary, the Yerba Buena Center retail component should contain a large amount of retail space supportive of urban living which will serve the city and attract large numbers of visitors. A large amount of eating and drinking space can then be implemented to serve these visitor markets. This eating and drinking space will also be heavily utilized by office workers and Bay Area residents. Relatively small amounts of fashion and convenience retail space will serve as complementary facilities. This combination of retail themes would create the mix of retail space necessary to optimize the project's attractiveness to city residents, its uniqueness and its sales productivity.

20 OPERATING PRINCIPLES: ACCESS AND SECURITY

Introduction

On page 26 the RFQ states:

THE DEVELOPER WILL BE SOLELY RESPONSIBLE FOR OPERATION AND MAINTENANCE INCLUDING SECURITY OF ALL OUTDOOR SPACES IN THE DEVELOPMENT PARCELS. THE AGENCY WILL BE CONCERNED THAT THE DEVELOPER HAVE A THOROUGH AND COMPLETE PROGRAM FOR MAINTENANCE AND SECURITY AND THE CITY OR AGENCY WILL NOT BE IN A POSITION TO PROVIDE ANY ONGOING SUPPORT IN THIS REGARD.

This statement clearly identifies security and maintenance as priority concerns to be addressed by the Developer.

In order for YBC to function as a place which continues to attract a broad range of people, security and maintenance considerations must assume a high priority. This fact needs to be emphasized, and we need to assure the city, prospective operators, and the public that we will have a program which will sensitively, yet firmly and fairly, handle any problem which develops relative to safety and security. We desire an open, comfortable, entertaining environment -- free of potential occupants who might attempt to deprive others of the right

to enjoy it fully. This potential clearly exists and we need to recognize it and be prepared to deal with it.

General Objectives respecting Access and Security

As a basic approach to the issue of access and security is the proposition, which we support strongly, that YBC should function and be perceived, as an integral part of the fabric of the city of San Francisco. In addition to its reputation as a place where one can always find interesting and exciting things to see and do, it should be a place that people feel welcome at and comfortable in, as they do in most active and attractive city streets. Similarly, people should feel free to walk through it on their way to another place, perhaps stopping to browse, have coffee, or pick up some food for dinner.

A fundamental principle which follows from this proposition is that there should be no gate or general admission charge to get into Yerba Buena Center. Certainly there can and will be areas where people pay to see a performance, event or exhibition as they do in any other part of town. On the other hand there will be many performances and events for which no admission charge is made. San Francisco has a strong tradition of this kind and YBC should extend and celebrate it.

In line with this approach to access the following are put forward as general objectives:

1. To establish YBC as a public place--open, accessible, and inviting to people of all ages and all walks of life; a center which is especially appealing to San Franciscans, including people from surrounding communities.

2. To provide tenants, visitors and the general public with the on-going confidence that YBC will offer a comfortable, entertaining atmosphere where people can shop, eat, browse, be entertained or just sit and relax amidst beautiful surroundings.

3. To present an environment of quality by ensuring high standards of maintenance and safety.

4. To develop a center that will be attractive and safe for families and children.

Specifically, with respect to security our objectives will be:

1. To provide sensitive and fair, yet firm and believable security and control measures on an on-going, full-time basis, especially during the early operational phase of the development.

2. To assure potential operators and the user that such security will be available and will continue to be a matter of the highest priority.

3. To provide special attention to the needs of the elderly and the handicapped in order to assure that the Center meets their needs.

4. To provide a clearly identifiable security presence which will serve to assure operators and users, and discourage those with ill intentions.

SECURITY PROGRAM

The backbone of our security program will be a private security force which will be directly employed by our company. They would have primary responsibility for security within the Center and would rely on back-up support of the City's police, fire department and social agencies as particular circumstances

require. Specific responsibilities and procedures have to be sorted out over the coming months. In all of this work, in both planning and implementation phases, it is important to work in close cooperation with the City's police and fire department, and the social agencies dealing with any of the issues which can be anticipated at YBC.

In the weeks and months ahead we will meet with key representatives of the Mayor's office, the Chief Administrative Officers of the Police Department and Fire Department, the District Attorney's Office and other appropriate governmental agencies in order to get a more in-depth understanding of the problems that we need to anticipate and insights for arriving at effective responses.

Additionally we will be meeting with many social service agencies who have day-to-day experience in dealing with such issues, who are likely to have many insights into problems which might come up at YBC, and how they should be addressed. These agencies include, among others, Saint Anthony's, The Grey Panthers, Senior Escort Service, EOC South of Market, and Canon Kip.

In order to gain some perspective on how the City's youth is relating to YBC, we intend to meet with representatives of Youth for Service and Street Workers.

After receiving and analyzing the information gained from these agencies and persons, we will develop a preliminary security and maintenance program. We will then review the elements of this program with them and refine the program until all are reasonably comfortable with it, so that when YBC opens to the public it has an effective security and maintenance program which is well grounded in the local realities and meets the objectives we have established.

20 OPERATING PRINCIPLES: AFFIRMATIVE ACTION

Introduction

The Olympia and York Project Team is committed to a policy of affirmative action to provide employment and economic opportunities to minority people in all phases of the development and operation of Yerba Buena Center. We will meet the affirmative action requirements of the San Francisco Redevelopment Agency and state and federal agencies both in terms of law and spirit.

This section will cover the basic principles and approaches to be followed in developing a comprehensive program. The program to be developed will reflect the best thinking of the staffs of Olympia and York, our consultants, Pacific Management Systems, the SFRA, and our respective attorneys. The purpose of this section is to set out the principles and approaches we intend to follow in developing that important program.

Statement of Policy

It is the policy of Olympia and York and its partners to consider all qualified applicants for all available positions without regard to race, color, sex, religion, age or national origin. Further, we will take affirmative action to ensure that minorities and women are represented in third party consulting contracts, as minority and women-owned businesses, and as tenants and employees in the use and occupancy phase of the project.

In keeping with the above commitments and policy, Olympia and York, in collaboration with Pacific Management Systems, will regularly analyze all personnel actions and results to ensure equal opportunity. Performance under

the program will be analyzed regularly relative to goals to be established by the SFRA and agreed to by us. These results will be reported regularly to the SFRA and other appropriate governmental bodies.

It is the policy of Olympia and York to provide equal employment opportunity for all persons, to prohibit discrimination in employment because of race, color, religion, sex, national origin, or age, and to promote the full realization of equal employment opportunity through a continuing affirmative action program by each participating company and consultant firm. This policy of equal employment opportunity applies to and must be an integral part of every aspect of personnel policy and practice in the employment, development, and treatment of all employees.

The management of each participating company shall establish and maintain an affirmative program of equal employment opportunity for all employees and applicants for employment within his or her department in accordance with the policy set forth above. It is the responsibility of each project team manager, to the maximum extent possible, to provide sufficient resources to administer such a program in a positive and effective manner; assure that recruitment activities reach all sources of job candidates, utilize to the fullest extent the present skills of each employee, provide the maximum feasible opportunity to employees to enhance their skills so they may perform at their highest potential and advance in accordance with their abilities; provide training and advice to managers and supervisors to assure their understanding and implementation of the policy expressed herein; and provide a system for periodically evaluating the effectiveness with which the policy is being carried out in his or her area of responsibility.

Implementation

Our Project Director - Operations has been designated the EEO Program Coordinator and assigned the responsibility for the Program's further development and for its implementation. He will

- assist in the development of policy statements, affirmative action action programs, and internal and external communication techniques;
- assist in the identification of problem areas;
- assist in arriving at solutions to problems;
- implement audit and reporting system that will:
 - measure effectiveness of the program,
 - indicate need for remedial action,
 - determine the degree to which the goals and objectives have been obtained;
- Serve as liaison for Olympia and York to Pacific Management System, San Francisco Redevelopment Agency, and other appropriate bodies;
- Audit training, hiring and promotion patterns to remove impediments to the attainment of goals and objectives;
- Conduct discussions with managers and supervisors to be certain that the policies of Olympia and York are being followed.

In addition, an Affirmative Action manager is being hired by Pacific Management Systems. He/she would work closely with our EEO Program Coordinator, and would have responsibility for the implementation, coordination and monitoring of all affirmative action activities. He/she will:

- handle the detailed development and updating of the project's affirmative action program;

- assist with the design and implementation of training programs aimed at developing EEO consciousness among managerial and non-manual employees;
- review, analyze, and report on project policies, practices and progress in the area of EEO/AA;
- represent OY/YBC in all reviews and investigations with government agencies;
- keep managers and supervisors informed of recent and pending development in the area of equal employment opportunity resulting from new or pending legislation;
- work with design and architectural teams to ensure conformance with state, local and federal standard requirements regarding accessibility for the disabled;
- assist management in identifying deficiencies through internal audits and correcting them through program and policy design and implementation;
- monitor affirmative action efforts and adherence to EEO policy throughout the YBC Project Team and workforce;
- receive, investigate and assist in the resolution of internal discrimination complaints;
- disseminate the policy internally.

In the months ahead we will be working very closely with Pacific Management Systems, the SFRA, our attorney, and other appropriate persons to develop an effective affirmative action program which will be implemented over the life of the development and operation of the YBC project.

PART 29 FINANCIAL FRAMEWORK

The purpose of this section is to briefly review the approach we propose to utilize in our financial analysis of the Yerba Buena Center project.

The basic valuation concept is the land residual approach. This is a commonly accepted procedure for the valuation of land. In this approach, "the land is assumed to be improved to its highest and best use, and the net income imputable to the land after all expenses of operation and return attributable to the other agents in production is capitalized to derive an estimate of land value."

The Yerba Buena Center project includes several different land uses each with its own development intensity and risk and return attributes as well as requirements for open space and project-wide facilities. Therefore, we have chosen to evaluate the financial attributes of each of the major use components -- office building, hotel, retail space, and condominiums -- as separate parts of the complete project.

The capital development and on-going maintenance costs of the project-wide facilities are included as costs to the project as a whole.

The land development computer model consolidates the separate income flow projections of the components and the overall project costs in order to measure the project's assumed productivity and its time pattern. After the final deduction of entrepreneurial return, the residual balance gives an indication of what a developer would be able to pay for the land under the specific development program assumptions used. The financial support which may be derived from the project for development and operation of cultural facilities within the project would be deducted from this residual balance.

The following are the specific line-items utilized in the analyses of the project's use-components.

I. PROJECT-WIDE DEVELOPMENT

A. Operating Revenues

1. (None - assumed break-even)

B. Operating Expenses

1. Maintenance - gardens
2. Security

C. Capital Costs

1. Jesse Street Substation
2. Sports Club
3. Gardens
4. Cultural Space

D. Financing

II. OFFICE BUILDING

A. Operating Revenue

1. Net rents
2. Operating cost pass through
3. Allowance for vacancy

B. Operating Expenses

C. Capital Costs

1. Construction costs
2. Tenant improvements
3. Property taxes during development
4. Marketing, leasing, advertising

D. Financing

1. Construction loan
2. Permanent loan

III. HOTEL

A. Operating Revenue

1. Rooms
2. Food and beverage
3. Telephone
4. Gift shop
5. Parking garage
6. Recreation
7. Other

B. Operating Expenses

1. Rooms
2. Food and beverage
3. Telephone
4. Gift shop
5. Parking garage
6. Recreation
7. Administration and general
8. Credit card expense
9. Training and manpower development
10. Accidents and liability insurance
11. Heat, light, power
12. Repairs and maintenance
13. Local sales promotion
14. Advertising and brochure
15. National advertising
16. National sales administration
17. Management - central office
18. Building insurance
19. Property taxes
20. Management incentive fee

C. Capital Costs

1. Construction
2. Furniture, fixtures and equipment
3. Pre-opening costs
4. Property taxes during development
5. Supplies
6. Working capital

D. Financing

1. Construction
2. Permanent

IV. CONDOMINIUMS

A. Operating Revenue

1. Sales

B. Operating Expenses

1. Sales commissions

C. Capital costs

1. Construction costs
2. Property taxes during development
3. Marketing and promotion

D. Financing

1. Construction

V. RETAIL

A. Operating Revenues

1. Minimum rent
2. Operating cost recovery
3. Average rent
4. Vacancy

B. Operating Expenses

C. Capital Costs

1. Construction costs
2. Tenant improvements
3. Property tax during development
4. Marketing, leasing, advertising

D. Financing

1. Construction
2. Permanent

VI. ENTERTAINMENT AND AMUSEMENT

A. Operating Revenues

1. Minimum rent
2. Operating cost recovery
3. Average rent
4. Vacancy

3. Operating Expenses

C. Capital Costs

1. Construction costs
2. Tenant improvements
3. Property tax during development

D. Financial

1. Construction
2. Permanent

RECOMMENDATION

THAT THE COMMISSION OF THE SAN FRANCISCO REDEVELOPMENT AGENCY ENDORSE THIS REPORT AS THE BASIS FOR PROCEEDING WITH THE SECOND PHASE OF EXCLUSIVE NEGOTIATIONS RESPECTING THE 3 CENTRAL BLOCKS OF YERBA BUENA CENTER.

APPENDIX 1

WORK PROGRAM

PHASE 1

Program Refinement

- A. Site: GSA or other site
- B. Uses: (i) Amount (in ranges) of recreational uses:
- cultural
 - entertainment
 - amusement
- (ii) Criteria for inclusion of specific recreational activities
- (iii) Housing: criteria for inclusion of housing on Parcel #2
- C. Approach to Operating Program - Principles:
- access to site & activities
 - security
 - selection of users/operators
 - scope of affirmative action program
 - retail merchandising concept
- D. Financial: -definition of major elements - capital & operating
- subsidy formula for non income-producing uses
 - approaches to grants, programs
- E. Scope of LDA

PHASE 2

Plan Concept

- A. Overall Concept:
- (i) definition, themes, etc.
- (ii) principal circulation routes
- pedestrian
 - vehicular
 - parking and loading
- (iii) mechanical services
- (iv) general arrangement of uses
- horizontal
 - vertical
 - time

3. Site Plan:

- (i) location of uses & buildings on site
 - access
 - functional relationships
 - cultural sites
- (ii) prescriptions for building design
 - built form: height, bulk, character
 - relation to public areas: access, uses
 - floor areas
- (iii) Landscape Concept

C. Operating Program

- (i) Plan & organization for operating "recreational" activities
- (ii) Retail merchandising plan
- (iii) Affirmative action plan
- (iv) User/operator plan
- (v) Control Policies
 - admission
 - security
 - maintenance

D. Financial Plan:

- (i) Land Price and Takedown Formula
- (ii) Schedule of Performance
 - land takedown
 - start-up of construction
 - build-out schedule
 - conditions precedent
 - penalties, incentives
- (iii) Operating Formula

WORK PROGRAM

-3-

E. Memorandum of Understanding

-principles of LDA

PHASE 3 Final Design

Sketch plans

-buildings
-landscaping

Final LDA

WORK PROGRAM

AGENCY APPROVAL NO. 3
DESIGN A L D.A.
MODEL

APPENDIX 2

Initial Analysis

APPENDIX 3

Final Analysis

Using CARE Activities Criteria

CULTURAL

1. Is small scale.
2. Develops cross-fertilization of cultural, Recreational & Educational activities.
3. Can be integrated with other uses on the site.
4. Has San Francisco oriented image.
5. Is suited to families with children under 12.
6. Is avant-garde & experimental.
7. Is participatory - particularly for children.
8. Is non-spectator.
9. Can be free.
10. Paid admission.

AMUSEMENT

1. Is small scale.
2. Develops cross-fertilization of cultural, recreational & Educational activities.
3. Can be integrated with other uses on the site.
4. Has San Francisco oriented image.
5. Is suited to families with children under 12
6. Is avant garde & experimental
7. Is participatory - particularly for children
8. Is non spectator
9. Can be free
10. Paid admission

RECREATION

PASSNE

- sitting, walking & relaxing
- Outdoor Chess, Checkers & Co., etc.
- car jump & bike
- shopping, etc.

GARDENS

- Arboretum
- Botanical
- Flower
- Sculpture
- Speciality
- Vote Play

ACTIVE

- ~~Calligraphy~~
- ~~Recording~~
- ~~(Call)~~ Per Coors
- ~~Discussion~~
- Tai Chi
- ~~Swimming~~
- Jogging
- Exercising
- ~~Acrobatics~~
- Lawn bowling, Boats, etc.
- ~~Have not~~ Ping
- ~~Swimming~~
- ~~Paddle Boats~~

OTHER

- Aviary
- Aquarium
- Etc

HOBBIES }
CLUBS

- model Railroading
- model Boating
- dolls
- Antique Dolls
- Antique Cars

1. Is small scale.
2. Develops cross-fertilization of cultural, Recreational & Educational activities.
3. Can be integrated with other uses on the site.

4. Has San Francisco oriented image.

5. Is suited to families with children under 12

6. Is eventa gerda & experimental
7. Is participatory - particularly for children

8. Is non spectator
9. Can be free
10. Paid admission

ENTERTAINMENT

1. Is small scale.
2. Develops cross-fertilization of cultural, recreational & educational activities.
3. Can be integrated with other uses on the site.
4. Has San Francisco oriented image.
5. Is suited to families with children under 17
6. Is avant garde & experimental
7. Is participatory - particularly for children
8. Is non-spectator
9. Can be free
10. Paid admission

PROGRAM MATRIX

Footnotes:

1. Large scale (over 50,000 s.f.) permanent static exhibitions are not encouraged; smaller scale temporary exhibits are encouraged.
2. Activities which require highly specialized, single purpose, specific purpose spaces are not encouraged.
3. Activities which generate large groups of teenagers waiting to be admitted to an activity are not encouraged, but might occur periodically.
4. Rides require imagination & attractive design.
5. Activities which achieve only a small utilization but require a larger scale facility are not encouraged.
6. Some fairs require management assistance to ensure quality.

APPENDIX 4

Criteria for Housing

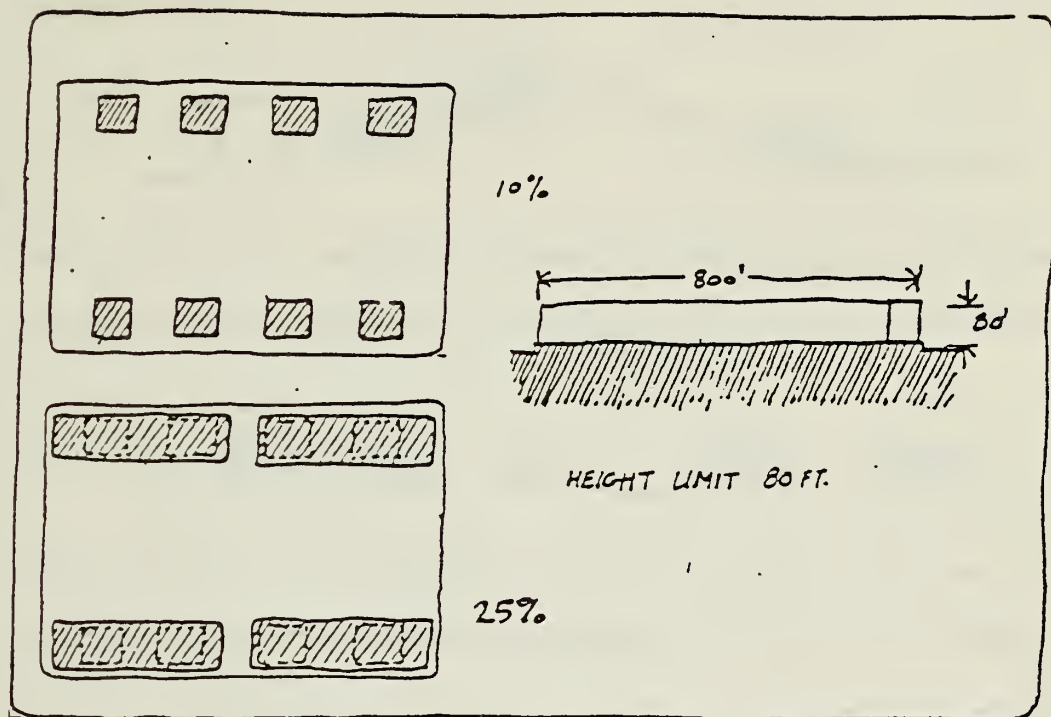
on

Central Block Two

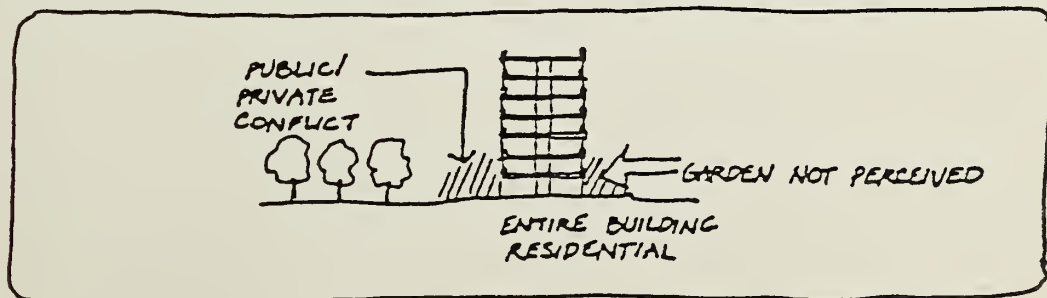
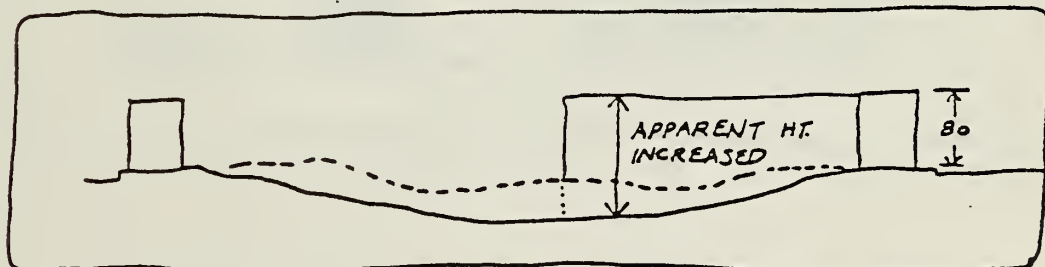
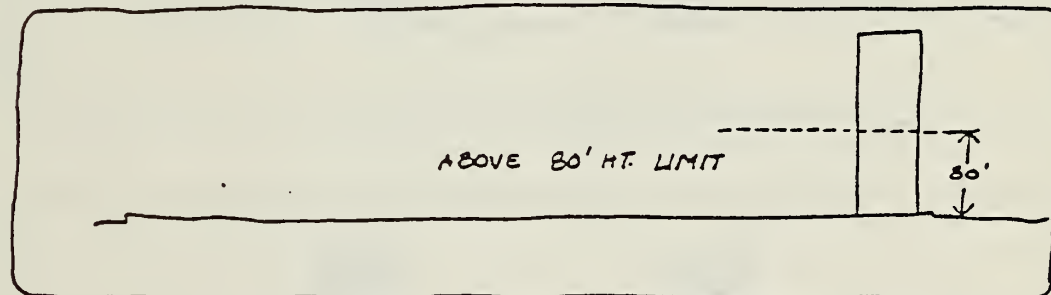
GARDENS SHOULD BE PERCEIVED AS THE PREDOMINANT USE ON
CENTRAL BLOCK TWO

10% OF THE SITE SHOULD
BE PUT TO C.A.R.E.; RETAIL
AND SPACE USES AT GRADE

4% BUILDING AREA OF
GOING ABOVE GRADE
SHOULD BE A MAXIMUM OF 25%



EXAMPLES OF HOUSING
WHERE GARDENS NOT
DOMINANT. -----



GARDENS SHOULD BE PERCEIVED AS THE PREDOMINANT USE ON
CENTRAL "BLOCK" TWO

EXAMPLES OF GARDENS
AS PREDOMINANT

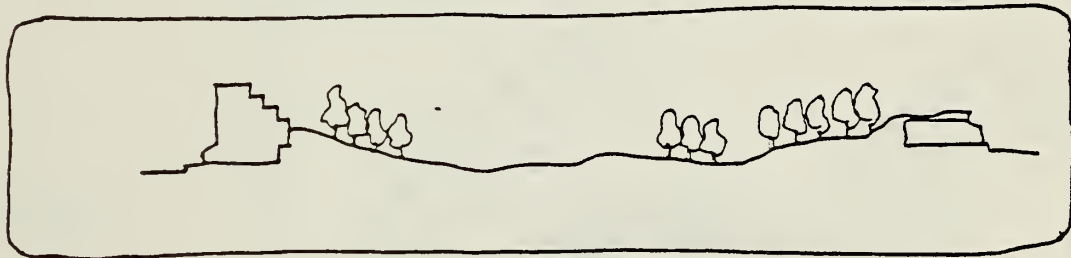
BY TOPOGRAPHY



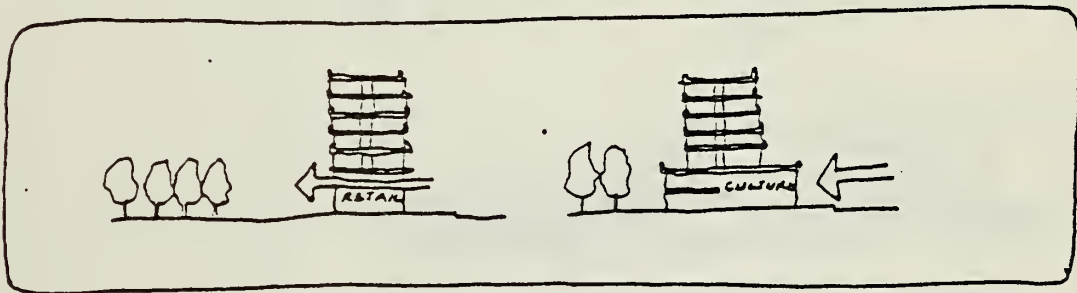
Y GROUND EXTENDING
THROUGH HOUSING



E. TERRACING AND
BERMING.

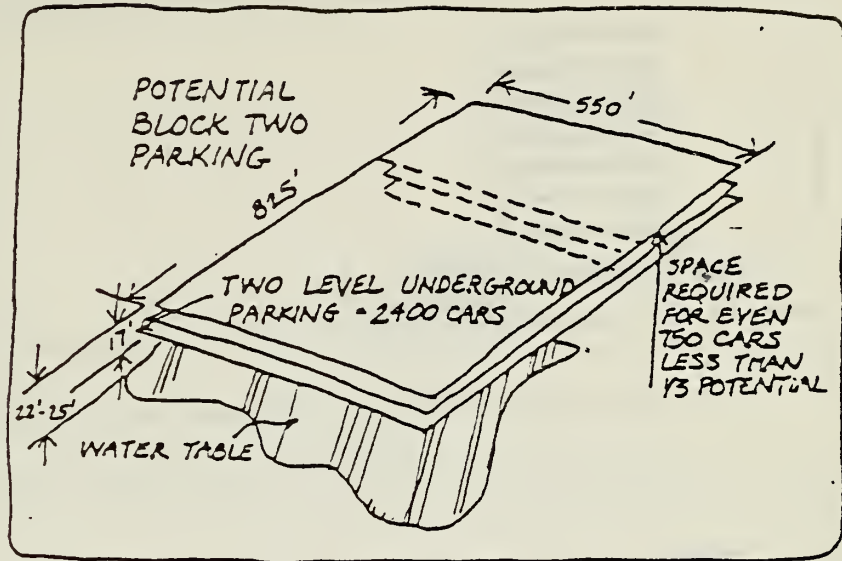


B 'TRANSPARENT'
GROUND LEVEL USES
BLOW HOUSING

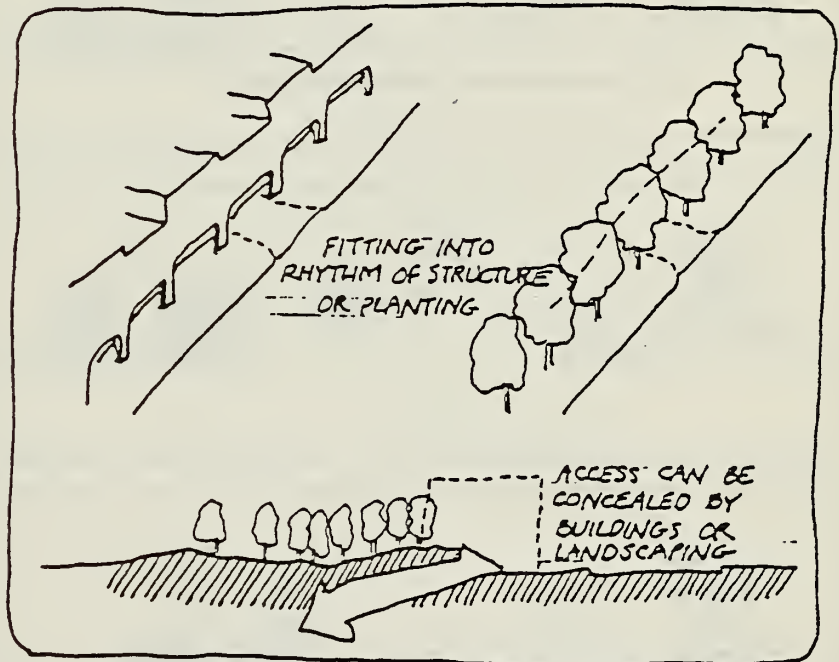


ALL PARKING SHOULD BE UNDERGROUND

TWO LEVELS UNDERGROUND
PARKING POSSIBLE ABOVE
WATER TABLE

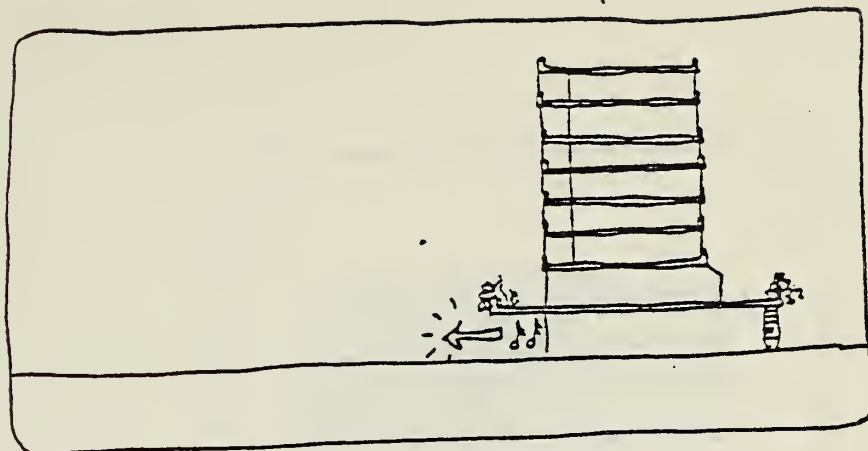


ACCESS AND EGRESS CAN BE
DONE 'DISCREETLY'

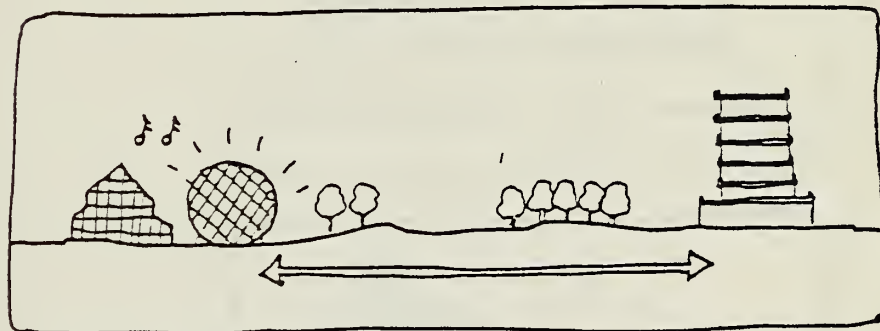


D HOUSING TO BE PROTECTED FROM NOISY USES .

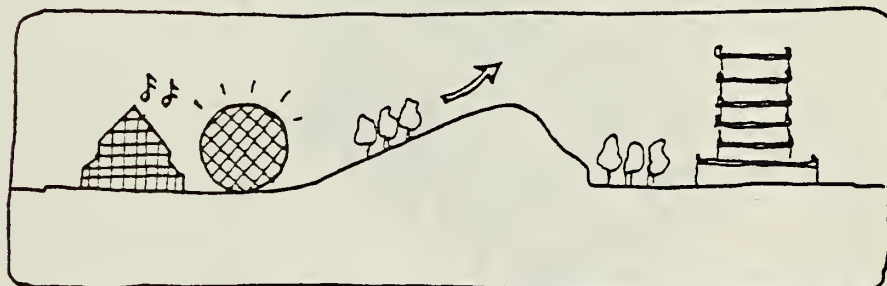
BY SEPARATION IN
BUILDING SECTION



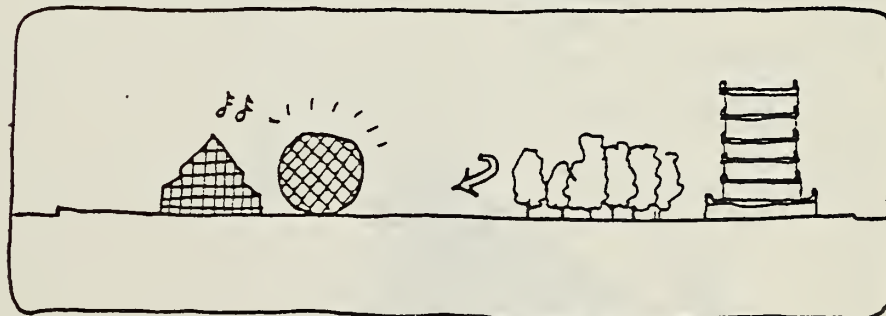
BY SUBSTANTIAL
SPATIAL SEPARATION



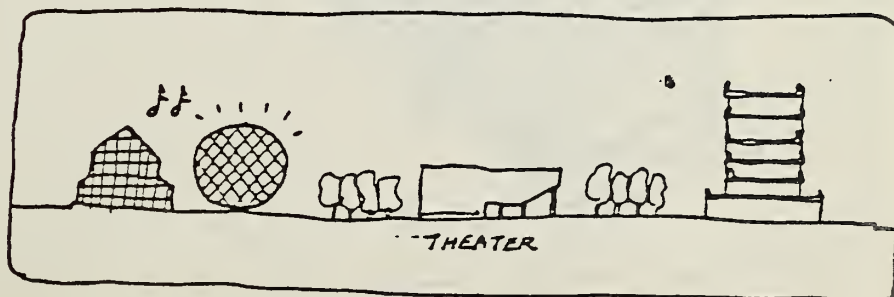
BY EARTH BERMING



BY 'HEAVY' LANDSCAPING



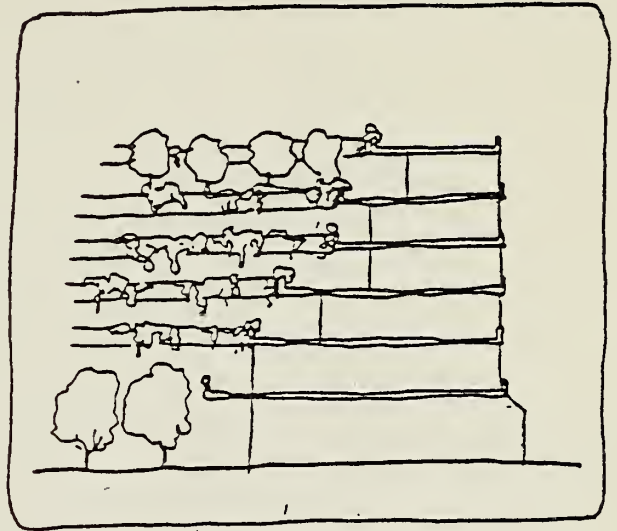
'MEDIATING' QUIET USES



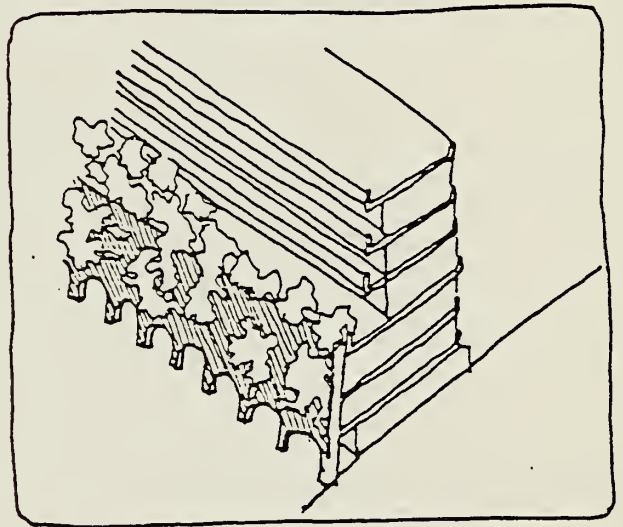
HOUSING SHOULD COMPLEMENT GARDEN IMAGE

EXAMPLES

Y GARDEN TERRACES



Y GARDEN 'WALLS'



Y GARDEN ELEMENTS
(E.G. GREENHOUSES)

